

## Message Text

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S E C R E T STATE 007344

EXDIS-DOD HANDLE AS SPECAT EXCLUSIVE FOR SECDEF

E.O. 11652: GDS  
TAGS: PFOR  
SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

### 1. ENERGY SHORTAGE: ECONOMIC IMPACT ON EC

PRELIMINARY FIGURES IN A REPORT ON THE ECONOMIC IMPACT OF THE ENERGY SHORTAGE BEING PREPARED BY THE EC COMMISSION ARE DISQUIETING. AMONG OTHER THINGS THE FIGURES INDICATE: A 1974 EC CURRENT ACCOUNT DEFICIT OF 19 BILLION DOLLARS; INFLATION RATES OF 10-15 PERCENT IN MEMBER STATES; A 1.5 PERCENT DECLINE IN REAL GNP AND ADDITIONAL UNEMPLOYMENT. EC COMMISSION SOURCES FEAR THAT WHEN THE REPORT IS SUBMITTED TO THE EC COUNCIL IN LATE JANUARY EC MEMBER STATES WILL RESPOND WITH THEIR OWN NATIONAL POLICIES AND COMMUNITY SOLIDARITY WILL BE FURTHER JEOPARDIZED. (CONFIDENTIAL) USEC BRUSSELS 201, 1/11.

### 2. SHULTZ TO SETTLE OFFSET QUESTION?

AN OFFICIAL OF THE GERMAN FINANCE MINISTRY HAS TOLD  
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EMBASSY BONN THAT FINANCE MINISTER SCHMIDT HAS SUSPENDED STAFF WORK ON OFFSET MATTERS. ACCORDING TO THE OFFICIAL,

SCHMIDT INTENDS TO SETTLE THE OFFSET QUESTION PERSONALLY WITH TREASURY SECRETARY SHULTZ IN ROME ON JANUARY 17.

(CONFIDENTIAL) BONN 543, 1/11.

### 3. ISRAELIS SURPRISED THAT SYRIA HAS SCUDS

THE JANUARY 11 EDITION OF THE JERUSALEM POST STATES THAT ADMIRAL MOORER CONFIRMED ON TELEVISION THAT SYRIA HAS SCUD MISSILES. AMBASSADOR KEATING COMMENTS THAT THIS NEWS CAME AS A SURPRISE TO THE ISRAELIS AND WILL ADD TO THE GENERAL DISTRUST OF ARAB INTENTIONS. SINCE THIS TOPIC WILL PROBABLY BE RAISED DURING THE SECRETARY'S VISIT, THE AMBASSADOR REQUESTS ADDITIONAL INFORMATION. (CONFIDENTIAL) TEL AVIV 228, 1/11.

### 4. ASAD PLANNING KEY CABINET CHANGES

A WELL-INFORMED SOURCE HAS TOLD USINT DAMASCUS THAT PRESIDENT ASAD WILL RESHUFFLE HIS CABINET SOON TO ELIMINATE RESISTANCE TO HIS POLICY OF SENDING A SYRIAN MISSION TO GENEVA AS SOON AS EGYPT ACHIEVES SOME PROGRESS THERE. ABD AL-RAHMAN KHLAYFAWI AND ABDULLAH AL-KHANI WILL BE NAMED PRIME MINISTER AND FOREIGN MINISTER, RESPECTIVELY. USINT DAMASCUS BELIEVES THIS INFORMATION, AS WELL AS REPORTS THAT THERE IS STRONG SYRIAN SUPPORT FOR ASAD'S PEACE POLICY, IS ACCURATE. (CONFIDENTIAL) DAMASCUS 2, 1/10.

### 5. CURRENT SOVIET MIDDLE EAST POSTURE

EMBASSY MOSCOW REPORTS THAT THE USSR HAS MOVED AWAY FROM THE POSITION THAT AN UNSTABLE MIDDLE EAST SITUATION GIVES THEM THE BEST MEANS OF EXERTING INFLUENCE IN THE AREA TOWARD A MUCH MORE FLEXIBLE ATTITUDE. AN AGREEMENT ON DISENGAGEMENT UNDER THE AUSPICES OF THE SOVIET-US SPONSORED MIDDLE EAST PEACE CONFERENCE WILL BE IN THE SOVIET INTEREST, BUT EMBASSY MOSCOW COMMENTS THAT SECRET

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THE THORNIER ISSUES THAT WILL ARISE AFTER THE DISENGAGEMENT PROBLEM IS RESOLVED WILL PRESENT MOSCOW WITH TRICKIER QUESTIONS REGARDING THEIR INTERESTS. (SECRET) MOSCOW 440, 1/11 (EXDIS).

### 6. CANAL TREATY NEGOTIATIONS

PANAMANIAN OFFICIALS, ALTHOUGH NOT COMMENTING PUBLICLY

ON OPTIMISTIC WIRE SERVICE REPORTS REGARDING AGREEMENT ON BASIC PRINCIPLES FOR A NEW CANAL TREATY, PRIVATELY HAVE TOLD EMBASSY OFFICIALS THEY ARE PLEASED WITH THE PROGRESS MADE DURING AMBASSADOR BUNKER'S RECENT VISIT. EMBASSY PANAMA, HOWEVER, BELIEVES A BASIC SKEPTICISM CONCERNING US INTENTIONS STILL REMAINS IN SOME QUARTERS

AND POINTS OUT THAT TORRIJOS' OPPOSITION IS SPREADING  
STORIES THAT HE HAS "SOLD OWT" TO THE US. (CONFIDENTIAL)  
PANAMA 220, 1/11.

7. MOYNIHAN ON US ARMS POLICY IN THE SUBCONTINENT

AMBASSADOR MOYNIHAN POINTS OUT THAT WE ARE NOW ABLE TO  
CONTAIN INDIAN CRITICISM OF THE US NAVAL PRESENCE IN  
THE INDIAN OCEAN ONLY BECAUSE INDIA WISHES TO PRESERVE  
DEVELOPING RELATIONS WITH THE US. REVIVAL OF A  
SIGNIFICANT MILITARY RELATIONSHIP WITH PAKISTAN WILL  
LEAD TO VOCIFEROUS INDIAN OBJECTIONS TO OUR INDIAN OCEAN  
TASK FORCE. ON THE OTHER HAND, US INTERESTS IN THE SUB-  
CONTINENT ARE REALISTICALLY LIMITED TO INSURING THE  
STABILITY OF THE REGION, WHICH IN MOYNIHAN'S OPINION CAN  
BEST BE ACHIEVED BY INDIA'S CONTINUED PREDOMINANCE.  
MOYNIHAN ASKS FOR MORE DISCUSSION OF WHAT HE CALLS "THE  
MOST COMPLICATED AND LEAST SIGNIFICANT POLITICO-  
MILITARY SITUATION ON THE PLANET." (CONFIDENTIAL)  
NEW DELHI 506, 1/10 (EXDIS).

8. DOD REDIRECTS ITS MISSILES

USNATO AND EMBASSY PARIS HAVE REQUESTED THE DEPARTMENT'S  
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GUIDANCE IN RESPONDING TO QUERIES ABOUT DEFENSE  
SECRETARY SCHLESINGER'S JANUARY 10 COMMENTS ON A CHANGE  
IN US NUCLEAR TARGETING STRATEGY. (CONFIDENTIAL) PARIS  
1001, 1/11 (EXDIS); (CONFIDENTIAL) USNATO 145, 1/11. RUSH

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